

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 169 – HB 163

February 28, 2013

SUMMARY OF ORIGINAL BILL: Authorizes the Commissioner of the Department of Financial Institutions (DFI) to accept payments by credit card, debit card, electronic funds transfer, electronic check or other electronic means. Authorizes the Commissioner to enter into appropriate agreements with card issuers or other appropriate parties as needed to facilitate the acceptance of such payments. Authorizes the Commissioner to impose and collect an additional convenience fee to offset the actual administrative fees and costs incurred for accepting and processing such payments. Authorizes the Commissioner to enter into appropriate agreements with third party service providers for the acceptance and processing of payments, and the collection of the convenience fee from persons making such payments. Declares that when a person elects to make a payment to DFI by specified means, the payment of the convenience fee shall be deemed voluntary and non-refundable.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Exceeds \$8,200/Department of Financial Institutions

Increase State Expenditures – Exceeds \$8,200/Department of Financial Institutions

SUMMARY OF AMENDMENT (003489): Makes a technical correction by deleting the language “and/or” in Section 1, subsection (i)(2) of the original bill, and substituting it with the language “or”.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.


Assumptions for the bill as amended:

- According to DFI, the Commissioner will work with the Department of Finance and Administration to negotiate or assume existing agreements with card issuers and third party service providers to enable acceptance and facilitate processing of payments made by a credit card, debit card, electronic funds transfer, electronic check or other electronic means.

- DFI will establish a convenience fee, based on the contractual provisions of the third party agreements and the projected amount required to recoup the actual costs and expenses associated with accepting and processing such payments.
- The exact rate, or amount of such fee, is not determinable until these agreements are negotiated and binding.
- Based on information provided by DFI, many institutions regulated by DFI, such as banking institutions, credit unions, and deferred presentment services licensees, are required to make payments through the national multi-state licensing system and shall continue to do so in the future years.
- As a result, DFI estimates that a maximum amount of payments that could be processed through the means specified in this bill will be approximately \$3,268,200.
- At least 25 percent of such payments will be made by credit card, debit card, electronic funds transfer, electronic check or other electronic means.
- DFI imposes a minimum one percent fee to recoup the actual costs and expenses associated with accepting and processing such payments.
- The recurring increase in state revenue and corresponding recurring increase in state expenditures will exceed \$8,171 ($\$3,268,200 \times 25.0\% \times 1.0\%$).
- Internal processing of payments made by credit card, debit card, electronic funds transfer, electronic check or other electronic means will be handled within the existing resources of DFI.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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